

Presentation to Transportation Committee  
February 1, 2012  
By Terry L. Reeves  
M-46 Auto/Truck Plaza

My name is Terry Reeves. I manage a truck stop on M-46 outside of Howard City, Michigan. We are at the intersection of US 131 and M 46. I work for J & H Family Stores, Exit 76 Corporation out of Wyoming, Mi. My store is open 24 hours per day, 7 days per week. We serve the traveling public, bus traffic, trucking industry and our local residents. We employ 15 people at our facility to cover our 3 shifts and maintenance needs. Also it is important to know that I have an Ice Mountain Water plant within 20 miles of my facility. This plant ships up to 200 loads of water per day.

My work experience includes driving a tractor/trailer in the early 1970's. I worked for Kmart Corporation in one of their Detroit facilities as a dispatcher followed by a position as fleet manager in Corsicana, Tx. and ultimately as Traffic Manager in Fairless Hills, Pa.

In the transportation industry, it is a well know rule that, if the wheels aren't turning, the truck's not making money. With this philosophy comes an unwritten rule that, when a driver stops for any legitimate reason, he must take care of all "non-driving" needs at that time. Specifically, in this case, when a driver comes to my truck stop to scale his load, he must take his shower, eat, fuel and then get back on the road.

My purpose, today, is to convey my experiences and feelings in support of SB 714 and SB 715.

Let me first lay some ground work for my case in support of the bill. As mentioned earlier, the Ice Mountain Water Plant ships up to 200 loads per day. Generally speaking from 100 to 150 loads per day will cross my scales. The purpose, of course, is to be certain that the load is properly placed and the axle weights are correct and legal. In line with the philosophy of keeping the wheels turning, it would be generally expected that the drivers, who cross my scales, would take care of all other needs at the same time, including fueling their rigs. However, in my circumstance, the fueling part is, usually, not included in the driver's activities.

Why do the drivers refrain from fueling at my location? Simply said, "The price of the fuel is too high". To be more specific, the pump price of diesel fuel in Indiana is generally 15 to 20 cents per gallon lower than Michigan. The reason is obvious in that Indiana does not have their 16 cent road use tax applied to their pump price. That rational for the trucking companies is clear. Save 20 cents per gallon in a 300 gallon tank and they save \$60 per tank full on each truck. It is a cash flow situation.

The following are only some of the trucking companies that utilize my scales daily and do not purchase my fuel. Chizek, Empire, H.O. Wolding, Crete Carriers, Equity Transportation, Dart, Prime, Edd Eubanks, MPH, Averitt. This list does not include all

companies that fail to fuel because of the price, but is a quick sampling. When it becomes necessary for a driver to purchase fuel because he simply cannot make it out of Michigan without getting some fuel, he will purchase between 20 to 50 gallons only. Half of the rigs that enter our lot do not fuel. This, obviously, is a serious loss of potential business for my store as well as sales tax income for Michigan.

The institution of a 1% sales tax as a replacement for the Diesel Tax would give these trucks the opportunity and ability to purchase fuel from me.

The following numbers are approximate but educated. If I average 6000 gallons of diesel per day (a small number for a truck stop yet accurate) now and have the ability to double those with the 1% sales tax, the income opportunities for the State are as follows: 6000 gallons of fuel at \$3.50 per gallon is \$21,000 per day OVER current sales, 7% sales tax on \$21,000 is \$1,470 in sales tax per day for the State. Because of the loss of Diesel Tax the original 6000 gallons would cost \$900 but an additional 1% sales tax on the original 6000 gallons would add \$210 to the equation which nets \$690.

So far we have added a net increase to the State of Michigan of \$780 per day for my small truck stop. For a year, this equates to \$284,700 in additional income to the State when the Diesel Tax is removed and replaced by a 1% sales tax.

How do we win? My "non-customers" tell me that we will sell more fuel and actually take a significant amount of fuel from Indiana. We will employ more people to handle double the business. We will sell more of the drivers the supplies they need. Our delivery drivers will make more trips to deliver our fuel. The terminal will need more help. We will need to purchase another truck and trailer. Our local diesel mechanic gets more business. He hires an assistant because he is unable to handle all the work. The local construction workers are able to repair our highways. They purchase their fuel from me. I think you get the snowballing effect. All of this and the State wins again with the sales tax on the supplemental sales.

Again, we support Senate Bills 714 and 715 because it will mean only good things for the State of Michigan. Look at it in the way you looked at the Michigan Business Tax. Provide the opportunity for business to grow and they will. Provide the trucking industry with the ability to purchase our fuel and they will.